

Purchasing Managers Index of Puerto Rico Manufacturing

April 2019

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PUERTO RICO MANUFACTURING PMI DECREASED TO 49.6 IN APRIL

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector inched down to 49.6 in April, falling below the threshold level after three consecutive months above it. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. In April, the New Orders and Production sub-indexes remained over the threshold level for the fourth consecutive month. The Own Inventories sub-index plummeted to 45.7 in April, falling below the threshold level after thirteen consecutive months above it. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 66 of the 108 months since the survey was first undertaken. The PRM-PMI is currently available only on a Non-Seasonally Adjusted (NSA) basis which means that seasonal fluctuations can affect its performance.

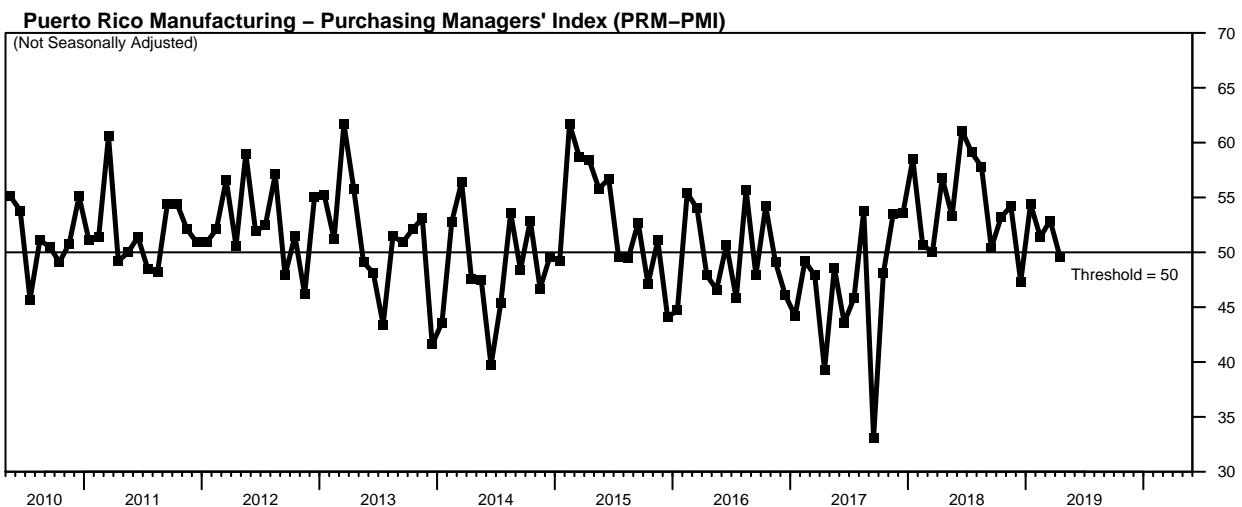


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2019

	Better	Same	Worse	PMI		
Órdenes nuevas	21.7	56.5	21.7	50	Same	New orders
Producción	26.1	60.9	13	56.5	Higher	Production
Empleo	4.3	82.6	13	45.7	Lower	Employment
Entregas de suplidores	4.3	91.3	4.3	50	Same	Supplier deliveries
Inventarios de su empresa	17.4	56.5	26.1	45.7	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 49.6 Contraction

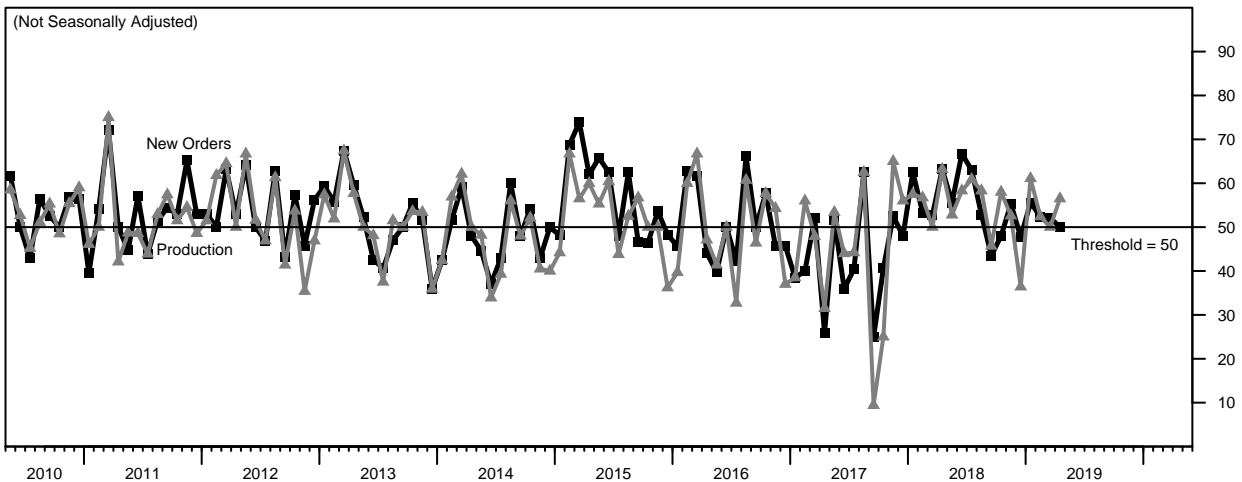
Note: Not Seasonally Adjusted (NSA)

New Orders

In April, the New Orders PMI (NSA) edged down to the threshold level of 50.0, but remained at or above the threshold level for the fourth consecutive month. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in April were the same as in March.

Production

The Production PMI (NSA) climbed to 56.5 in April, remaining at or above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in April was higher than in March.

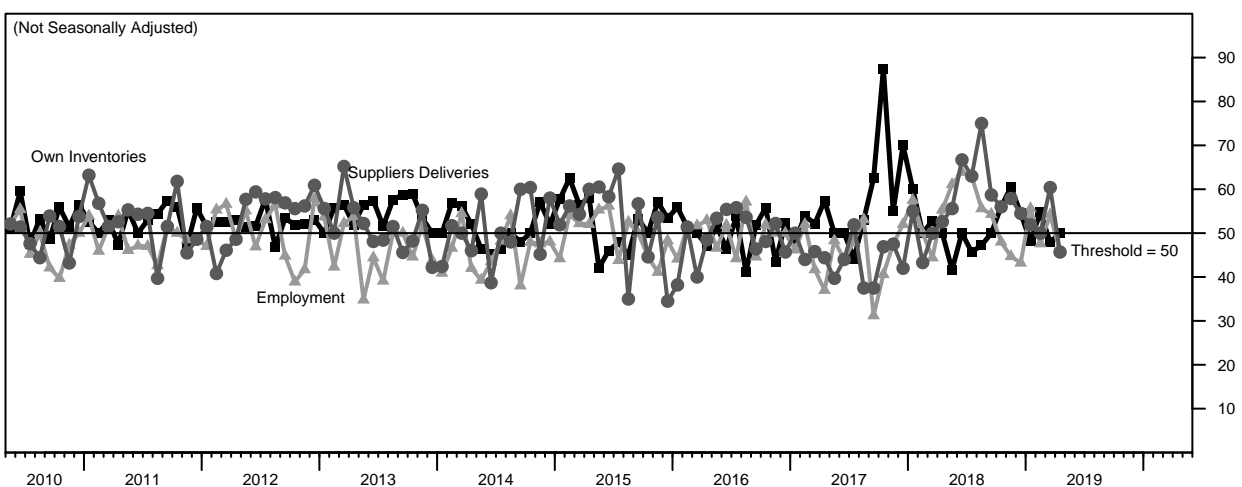


Employment

In April, the Employment PMI (NSA) shrank to 45.7, falling below the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was lower than in March.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) rose to the threshold level of 50.0 in April. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in April was the same as in March.



Own Inventories

In April, the Own Inventories PMI (NSA) plummeted to 45.7, falling below the threshold level after thirteen consecutive months above it. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in April were lower than in March.

Methodological note

The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) is the result of a collaborative project between the Puerto Rico Manufacturers Association and the Puerto Rico Institute of Statistics. The PRM-PMI measures short-run business conditions in Puerto Rico's manufacturing sector, and provides a broad-based metric for the productive side of Puerto Rico's economy. It is currently in a testing phase to ensure a reliable methodology. The methodology is similar to PMI surveys conducted elsewhere. The survey questionnaire is available at <https://estadisticas.pr/encuestas/puerto-rico-manufacturing>. The participants include manufacturing establishments with 50 or more employees with membership in the Puerto Rico Manufacturers Association. Currently, results are presented on a Non-Seasonally Adjusted (NSA) basis. In the future, with sufficient data points, a seasonally adjusted version of the PRM-PMI will be prepared, which will smooth away any influence of seasonal fluctuations.

The PRM-PMI is calculated as the simple average of 5 sub-indexes, representing different business conditions in manufacturing establishments: New Orders PMI, Production PMI, Employment PMI, Supplier Deliveries PMI, and Own Inventories PMI. The sub-indexes are computed using a diffusion index methodology. In specific, for any given month with respect to the previous month, participants are asked to answer whether the business condition of the establishment: (1) improved, (2) remained the same, or (3) deteriorated. Diffusion indexes are calculated as the percentage of responses that indicate the business condition improved plus half of the percentage of responses that indicate the business condition remained the same. The survey also includes questions on other business conditions. The diffusion indexes that correspond to these questions are currently under evaluation.

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Publication calendar

The monthly PRM-PMI report is published at 10:00 a.m. on the first business day of the month. In specific, the table below shows the expected publication dates of the PRM-PMI report during calendar year 2019:

Reference month	Publication date
Nov-18	January 4, 2019
Dec-18	February 1, 2019
Jan-19	March 1, 2019
Feb-19	April 1, 2019
Mar-19	May 1, 2019
Apr-19	June 3, 2019

Reference month	Publication date
May-19	July 1, 2019
Jun-19	August 1, 2019
Jul-19	September 3, 2019
Aug-19	October 1, 2019
Sep-19	November 1, 2019
Oct-19	December 2, 2019